

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 27, 2016

Mr. Timothy Hermann ([therman@aglresources.com](mailto:therman@aglresources.com))

GI-2016-01-CVS-01B & 06

VP Storage Peaking & Ops  
AGL Services Company  
Two Allen Center  
1200 Smith Street  
Houston, TX 77002

SUBJECT: General Order 112<sup>1</sup> Gas Inspection of Central Valley Gas Storage

Dear Mr. Hermann:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Fred Hanes and Banu Acimis conducted a General Order 112 audit of Central Valley Gas Storage (CVGS) from January 25 through 29, 2016.

The audit consisted of a review of procedures and policies in CVGS's Operations and Maintenance (O&M) Manual, Pipeline Specific Operation and Maintenance Manual (PSOM) which describe specific procedures and requirements for CVGS system located in Princeton, CA, and Anti-Drug & Alcohol Misuse Prevention Plan. SED also reviewed inspection, testing, and maintenance records of CVGS's pressure control devices, emergency, and relief valves and drug & alcohol test results for its employees for the years 2013, 2014, and 2015. Additionally, SED also reviewed CVGS personnel's Operator Qualification records and observe them perform related covered tasks in the field.

A summary of inspection findings (Summary) which contains probable violations and areas of concerns, observations, and recommendations identified by SED staff, is enclosed to this letter. The Summary reflects only those particular records and pipeline facilities that SED inspected during the inspection. Within 30 days of your receipt of this letter, please provide a written response indicating the corrective actions and preventive measures taken to address the violations, concerns, observations, and recommendations noted in the Summary. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the audit.

If you have any questions, please contact Banu Acimis at (916) 928-3826 or by email at [banu.acimis@cpuc.ca.gov](mailto:banu.acimis@cpuc.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Kenneth A. Bruno".

Kenneth Bruno  
Program Manager  
Gas Safety and Reliability Branch  
Safety and Enforcement Division

<sup>1</sup> General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

Enclosure: Summary of Inspection Findings

cc: Robert Cornell, Director, AGL Resources ([rcornell@aglresources.com](mailto:rcornell@aglresources.com)), Mark Stephens, Manager-Storage Operations Department, CVGS ([mstephen@aglresources.com](mailto:mstephen@aglresources.com)), Kathleen Clausen, PHR, SHRM-CP, C-DER, AGL Resources ([kclause@aglresources.com](mailto:kclause@aglresources.com)), John Boehme, CVGS ([jboehme@aglresources.com](mailto:jboehme@aglresources.com))

## **SUMMARY OF INSPECTION FINDINGS**

### **I. Probable Violations**

1. Title 49 CFR §192.739 Pressure limiting and regulating stations: Inspection and testing.

*§192.739 (a) states in part:*

*“(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is–*

*(1) In good mechanical condition;*

*(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;*

*(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and*

*(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.*

SED reviewed CVGS's Pressure Control Valve (PCV) records and noted that CVGS performed the inspection and testing of West Main monitor, PCV 0083 & East Main monitor, PCV 0093, on 7/11/14 and subsequently, inspected the same monitors on 11/11/15 which exceeded 15 months allowed time frame between the inspections.

Please provide SED with a copy of preventive and mitigative (P&M) measures taken to address this deficiency.

2. Title 49 CFR §192.745 Valve maintenance: Transmission lines.

*§192.745 (a) states in part:*

*“(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year..”*

As part of the review of CVGS's Flow Control Valve (FCV) records, SED noted that CVGS did not inspect and partially operate Flow Control Valves (FCV) 0082, FCV 0092, and PIT 1012 once a year.

During the close out meeting, CVGS provided a copy of 2015 inspection record of PIT 1012. However, SED did not find any other records for FCVs 0082, 0092, and PIT 1012 inspections conducted since the beginning of the operation in 2012.

SED determined that CVGS must conduct inspection and testing of FCV devices 0082, 0092, and PIT 1012 once a year not exceeding 15 months as required by §§ 192.739 (a) and 192.745 (a).

Please provide SED with a copy of corrective actions and P&M measures taken to address this deficiency along with the inspection records.

## II. Areas of Concern/ Observations/ Recommendations

1. On January 26 & 27, 2016, SED observed CVGS personnel exercise the FCVs 0082 & 0092 in the field and also examined records of pressure set points determined for both FCVs.

SED found that pressure control monitors PCV 0083 and PCV 0093, and flow control valves FCV0082 and FCV 0092 pressure set points are the same. On the west run, FCV 0082 and PCV 0083 (downstream monitor) have been set at 1100 psig. On the east run, FCV 0092 and PCV 0093 (downstream monitor) have also been set at 1100 psig, which is the MAOP and the process shut down (PSD) pressure set point.

SED determined that the current CVGS configuration would not allow the control devices to limit pressure until it reaches the MAOP and PSD pressure of 1100 psig. Additionally, downstream control devices are typically given higher set points than the upstream set points so that in case the upstream devices do not function (i.e., FCVs 0082 & 0092 fail open), the downstream monitors would take over to prevent over pressurization before it reaches the MAOP plus the excess allowed by Part 192.201.

SED determined that CVGS needs to examine the current pressure set point strategy for its OPP devices and make adjustments to the pressure set points accordingly.

2. CVGS's "Valve-Overpressure Shut-In, Compliance and Inspection Work Order" form refers to Procedure 310 from the PSOM, version- 4/19/11. However, this procedure does not exist in the newer version.

CVGS should revise the work order form with valid and correct references from the current PSOM.

3. §192.605 (c) (4) requires that operators periodically review company personnel responses to abnormal operating conditions to determine the effectiveness of the response procedures and take corrective action where deficiencies are found.

SED reviewed CVGS's policy for investigating Abnormal Operating Conditions (AOCs) and the Abnormal Operations Reports (AORs) written according to the policy. AORs contain analysis of the type, description, and probable cause of AOC events and the remedial actions taken. Additionally, AORs specify whether the personnel response was appropriate, whether the procedures for responding to, investigating and correcting the cause of the condition were effective, and any recommended changes to improve effectiveness of procedures. SED reviewed the CVGS AORs and found that they met the intent of the code section.

However, SED is concerned that CVGS should have created an AOR for a leak event that was reported to the CPUC for the 4<sup>th</sup> quarter of 2014. SED noted that on 11/12/2014, CVGS discovered a leak at a welded nipple and collar and took corrective actions by replacing the nipple and the collar after blowing down the compressor to facilitate the repair. CVGS determined the cause of failure to be defective material. CVGS then took a preventive action to change all existing similar parts in its system to prevent similar failures. Even though SED found CVGS's corrective and preventive actions highly satisfactory, CVGS should have also created an AOR to document the findings and preventive actions taken.

SED also suggests that CVGS should consider adding a section to its AOR to describe any preventive actions planned/taken if appropriate for the type of AOC examined.

4. §192.605 (b)(8) requires operators to periodically review the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

CVGS personnel explained that CVGS has been conducting annual reviews of the performance for the last three years, and starting from 2015 AGL decided that these reviews would be done quarterly. SED also noted that CVGS has been performing these reviews for each type of procedure to make sure that employees understand the procedures and apply them correctly.

SED recommends the CVGS add the new quarterly review requirement in its O&M Manual.

5. SED noted that CVGS reviewed its O&M Plan on the following dates: 11/8/13, 11/26/14, and 11/18/2015. Even though there were no changes noted as a result of the 2015 review, CVGS representatives informed SED that they were in the process of making significant changes to the plan.

Please provide us an updated version of CVGS O&M Plan once it is completed.

6. SED reviewed CVGS- AGL Anti-Drug and Alcohol Misuse Prevention Plan, (Revision 11/1/2011) and found that the current Plan is missing provisions for one item required by CFR 49 Part 40.

The Code of Federal Regulations, Title 49 Part 40 Section 109 states:

*“(a) As a laboratory, you must retain all records pertaining to each employee urine specimen for a minimum of two years.*

CVGS-AGL’s current written Plan does not state the time frame for which the laboratory must retain the required records. However, SED noted that CVGS’s Designated Employer Representative was aware of this deficiency in the Plan and would include a statement to cover the requirement in the next Plan revision.

Please provide SED with an updated version of the Anti-Drug and Alcohol Misuse Prevention Plan and specify the section added to the plan to address the deficiency related to the record keeping requirement.